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COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
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July 31, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**PROPOSED CHANGES IN THE COUNTY CODE BUSINESS LICENSE PROVISIONS
RELATING TO AMBULANCE BASE RATES CHARGED TO THE GENERAL PUBLIC**
(All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve an increase in the transport rates which an ambulance operator may charge to patients in Los Angeles County, effective 30 calendar days after adoption of the ordinance.
2. Approve a change in the biennial review and calculation of the transport rates from the current interval of January 1 of every other year to every two years following the implementation of the increased ambulance operator rates as set forth herein.
3. Approve an ordinance amending Los Angeles County Code, Title 7, increasing ambulance operator rates, reflecting the most recent change in other ambulance rates based on an adjustment tied to the Consumer Price Index, and deleting, renumbering and reenacting, with non-substantive changes, various sections, as prepared by County Counsel.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS:

In approving these actions, the Board is making changes to the Los Angeles County Code business license provisions relating to an adjustment in the method and frequency of review and calculation of transport rates charged to patients by ambulance operators (public and private providers) in Los Angeles County, in order to account for the reduction of rates which operators may charge to patients covered by the Medicare Program. The Board is also approving ordinance changes deleting, renumbering and making other non-substantive changes to reflect current ambulance operator practices.

Implementation of Strategic Plan

The rate increase supports the County's strategic plan goals by strengthening the County's fiscal capacity.

FISCAL IMPACT/FINANCING:

There is no cost impact for the County as a result of the Board's approval of these recommendations.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

Since 1988, the County's 9-1-1 emergency ambulance program has been administered by the Department of Health Services (Department), including responsibility for private operator and vehicle licensing, field monitoring, and enforcement of program standards required by the business license provisions of the County Code. In addition, the Board regulates ambulance rates in Los Angeles County (i.e., for all the unincorporated areas and the territories of 59 incorporated cities for the 9-1-1 emergency program; and within the County unincorporated areas for the non-emergency program) through sections of the County Code establish a ceiling or maximum rates private ambulance operators may charge the general public.

In 2002, Federal regulations controlling the Medicare program fee schedule for payment of ambulance services were revised. The revised payment rates will be phased in over a five-year period. The U.S. Department of Health and Human Services, Center for Medicare and Medicaid Services, which is responsible for promulgation and implementation of the fee schedule, states that resulting payments will be redistributed from urban providers to rural providers. It is projected by at least one large ambulance operator in Los Angeles County that the revised rates will decrease Medicare ambulance reimbursement by approximately 20 percent upon full fee schedule implementation.

The recommended ordinance changes make a formula adjustment to the maximum base rates for Advanced Life Support (ALS) and Basic Life Support (BLS) services, effective 30 days following the Board's adoption of the ordinance, which increases certain charges by ambulance operators (public and private) to the public, and which will offset the fiscal impact of the decrease in Medicare reimbursement rates. As background, the formula for changing base rates was established by the Board in 1994 and became effective in January 1995. The current formula of adjusting the base rate every two years, using 85 percent of the statewide average ambulance rates, has not been reviewed or revised since 1995. The Department is recommending a new formula based on 100 percent of the statewide average, to be applied every two years from the effective date of the amended ordinance.

Also, the Los Angeles County Fire Department has entered into agreements with various ambulance transportation providers (such as, American Medical Response of Southern California) to provide transport of emergency patients under contract with DHS. These entities bill for ALS services provided by the Fire Department (ALS Billing Agreement). In turn, a percentage of the revenue generated under the ALS Billing Agreement is provided to the Fire Department. The decrease in Medicare reimbursement rates to private ambulance companies will indirectly affect the Fire Department by decreasing the annual revenue received from the ALS Billing Agreement by an estimated \$350,000-\$500,000 annually. By amending the formula to determine the biennial rate adjustment from 85 percent

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to 100 percent of the statewide average the Fire Department has indicated that this revenues loss may be mitigated.

CONTRACTING PROCESS:

Not applicable.

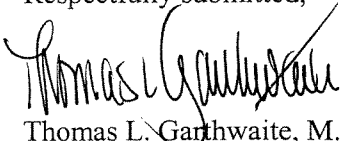
IMPACT ON CURRENT SERVICES (OR PROJECTS):

As County Code ambulance charges and fees are not designated rates but maximum rates, County Code rates provide a ceiling on what an operator may charge the general public in the part of Los Angeles County covered by the ordinance. The rates under the amended ordinance will become effective 30 days following Board approval.

The attached ambulance ordinance, with analysis, describes the current and recommended changes to ambulance business license provisions (Attachment A).

When approved, the Department requires three signed copies of the Board's action.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:rw

Attachment

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Emergency Medical Services Commission
Auditor-Controller

BLETC2794:RW

ANALYSIS

This ordinance amends Title 7 – Business Licenses, of the Los Angeles County

Code by:

- Amending Section 7.16.010 to delete Paragraph L, renumber the remaining paragraphs and redefine the term “Response Time.”
- Amending Section 7.16.280 to adjust the rates charged to patients by ambulance operators to reflect an increase in the base rate calculation, and annual adjustment based on the Consumer Price Index.
- Amending Section 7.16.310 to adjust the rates charged for special ancillary services by ambulance operators to reflect annual adjustment based on the Consumer Price Index.
- Amending Section 7.16.341 to revise the adjustment date for base rate review and to increase the Los Angeles County rates for General Public Ambulance Rates from 85% of the statewide average up to and consistent with the statewide average ambulance rates.

LLOYD W. PELLMAN
County Counsel

By


Edward A. Morrissey
Deputy County Counsel
Public Services Division

EAM:jm

7/21/03 (requested)

7/23/03 (revised)

ORDINANCE NO.

An ordinance amending Title 7 - Business Licenses, of the Los Angeles County Code, relating to Periodic Base Rate Review of ambulance rates for advance and basic life support services throughout Los Angeles County.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 7.16.010 is hereby deleted in its entirety.

SECTION 2. Section 7.16.010 is hereby added to read as follows:

7.16.010 Definitions.

For the purpose of this chapter, the following terms are defined and shall be construed as set forth in this section, unless the context clearly indicates otherwise:

A. "Advanced life support (ALS)" means special services designed to provide definitive prehospital emergency medical care, including, but not limited to, cardiopulmonary resuscitation, cardiac monitoring, cardiac defibrillation, advanced airway management, intravenous therapy, administration of specified drugs and other medicinal preparations, and other specified techniques and procedures administered by authorized personnel under the direct supervision of a base hospital as part of a local EMS system at the scene of an emergency, during transport to an acute care hospital, during interfacility transfer, and while in the emergency department of an acute care hospital until responsibility is assumed by the emergency or other medical staff of the hospital.

B. "Ambulance" means a motor vehicle specially constructed, modified, equipped, or arranged for the purpose of transporting sick, injured, convalescent, infirm,

or otherwise incapacitated persons, authorized by the state as an emergency vehicle, and used, or having the potential for being used, in emergency service to the public. A helicopter or air ambulance is not a motor vehicle for the purpose of this chapter.

C. "Ambulance attendant" means any person other than the ambulance driver who is employed to accompany an ambulance driver while transporting any person needing medical attention or services.

D. "Ambulance driver" means any person who drives an ambulance in which is transported any person needing medical attention or services is transported.

E. "Ambulance operator" means any person or entity who for any monetary or other consideration, or as an incident to any other occupation, transports in one or more ambulances one or more persons needing medical attention or services.

F. "Ambulance services" means the transportation of any person for monetary or other consideration in an ambulance.

G. "Basic life support (BLS)" means emergency first aid and cardiopulmonary resuscitation procedures which, as a minimum, include recognizing respiratory and cardiac arrest and starting the proper application of cardiopulmonary resuscitation to maintain life without invasive techniques until the victim may be transported or until advanced life support is available.

H. "Code 2" means a request for ambulance transport which is urgent and is nonemergency and which cannot be scheduled more than one hour in advance.

I. "Code 3" means the authorized use of red lights and siren during a response or transport.

J. "Critical care transport" or "critical care transport provider" means any transport or person who transports a patient from one health care facility, trauma center, or acute care facility to another where the skill level required in the care of that patient during transport exceeds the basic life-support, Emergency Medical Technician - 1 (EMT-1) level and scope of training.

K. "Emergency call" means a request for an ambulance where an individual has a need for immediate medical attention, or where the potential for such need is perceived by emergency medical personnel or a public safety agency.

L. "Local EMS agency" means the county of Los Angeles department of health services, designated by the board as the local EMS agency pursuant to Health and Safety Code Sections 1797, et seq.

M. "Nonemergency call" means a request for the transport of a stretcher patient to or from a medical facility in a licensed ambulance and which is neither an emergency call nor a critical care transport.

N. "Response time" means the interval of elapsed time between the moment the basic items of dispatched information have been obtained by an operator to the moment the operator's ambulance arrives at the scene of pickup. Response time for nonemergency or scheduled calls, or both, shall be within 90 minutes of the time of the call or the scheduled pickup, whichever applies.

O. "Special events" means any situation where a previously announced event or activity creates a need to have one or more ambulances present because of risks of

physical harm to participants in the event or activity, or to others in attendance there, or to both such groups.

SECTION 3. Section 7.16.280 is hereby amended to read as follows:

7.16.280 Rate schedule for ambulances.*

A. An ambulance operator shall charge no more than the following rates for one patient:

1. Response to call with equipment and personnel at an advanced life support (ALS) level, ~~\$542.00~~658.50;
2. Response to call with equipment and personnel at a basic life support (BLS) level, ~~\$353.00~~429.50;
3. Code 3 used during response or transport, per incident, ~~\$85.25~~90.50;
4. Code 2 used during response or transport, per incident, ~~\$33.75~~35.75;
5. Mileage Rate. Each mile or fraction thereof, ~~\$42.25~~13.00;
6. Waiting Time. For each 15-minute period or fraction thereof after the first 15 minutes of waiting time at the request of the person hiring the ambulance, ~~\$33.75~~35.75;
7. Standby Time. The base rate for the prescribed level of service and, in addition, for each 15-minute period or fraction thereof after the first 15 minutes of standby time, ~~\$33.75~~34.00.

B. This section does not apply to a contract between the ambulance operator

and the county where different rates or payment mechanisms are specified.

SECTION 4. Section 7.16.310 is hereby amended to read as follows:

7.16.310 Special charges.*

An ambulance operator shall charge no more than the following rates for special ancillary services:

A. Request for service after 7:00 p.m. and before 7:00 a.m. of the next day will be subject to an additional maximum charge of ~~\$55.50~~58.75;

B. Persons requiring oxygen shall be subject to an additional maximum charge per tank or fraction thereof, of ~~\$42.50~~45.00;

C. Backboard, splints, KED ~~\$33.50~~35.50;

D. Traction splints ~~\$60.00~~63.50;

E. Transport -- noncompany staff medical personnel -- first one-half hour ~~\$21.50~~22.50;

F. Neonatal transport ~~\$127.75~~135.25;

G. Ice packs ~~\$18.00~~19.00;

H. Bandages, dressing ~~\$18.00~~19.00;

I. Oxygen cannula/mask ~~\$18.00~~19.00;

J. Cervical collar ~~\$30.00~~32.00;

K. Obstetrical kit ~~\$32.50~~34.50;

L. Burn kit ~~\$32.50~~34.50;

M. Nurse critical care transport -- per hour ~~\$152.25~~161.50;

N. Volume ventilator ~~\$115.00~~121.75;

O. Respiratory therapist for the first three hours ~~\$172.75~~183.00;
and \$86.00 per hour after the first three hours;

P. Pulse oximeter ~~\$57.75~~61.25;

Q. Infusion pump (per line) ~~\$57.75~~61.25;

R. Helicopter support response: An operator may charge all service and supply charges that would apply if the call was a land-based response; and

S. Where other special services are requested or needed by any patient or authorized representative thereof, a reasonable charge commensurate with the cost of furnishing such special service may be made, provided that the ambulance operator shall file with the director of the department of health services a schedule of each special service proposed and the charge therefor, which charge shall be effective unless modified, restricted, or denied by the director of the department of health services.

Special services are defined as services provided to a patient that are unique and individual to a specific patient's needs, and are performed on a limited basis.

Charges for special services provided to patients that are new services, but will become an industry standard, must be reviewed and a rate commensurate with the service developed prior to ambulance operators charging such rate to the general public. Such rates shall not be charged to patients until approved by the board of supervisors.

This section does not apply to a contract between an ambulance operator and the county where different rates or payment mechanisms are specified.

Section 5. Section 7.16.341 is hereby amended to read as follows:

7.16.341 Period base rate review.

The maximum base rates for ALS and BLS services, as reflected in Section 7.16.280, shall be reviewed in accordance with the following procedures, and adjusted, if appropriate, effective first on January 1, ~~1997~~ 2005, and later, also if appropriate, on January 1 of every ~~second~~ other year thereafter.

On or about July 1 of the year prior to the January 1 adjustment date, the director of the department of health services shall review the ALS and BLS ambulance rates of all other counties in California to determine the average rates for these services in effect for these counties as of the review date. If the Los Angeles County rates are equal to or above ~~85~~ this average, no adjustment to the Los Angeles County Code rates will be made under this provision. If one or both of the Los Angeles County rates are less than the average, then an appropriate adjustment to the rate or rates shall be made to bring it (them) to ~~85~~ the average. Any required adjustment shall be rounded to the nearest \$0.25.

The director of the department of health services shall initiate implementation of these rate adjustments by notifying in writing each licensed private ambulance operator in Los Angeles County thereof, and any other individual or agency who has requested such notification from the director. Such notice shall be sent by first class mail no later than December 15 of the prior rate period.

Nothing herein is intended to prevent licensed ambulance operators from demonstrating that ALS and BLS rates in Los Angeles County fail to provide operators

with a reasonable rate of return on their investment. A licensed operator at any time may submit to the director of the department of health services its cost and revenue data, and other pertinent documentation which the director may require for this purpose. If this information evidences to the director's satisfaction that the ALS rate or BLS rate, or both, fail to provide the operator with a reasonable rate of return, the director shall propose a different base rate structure to the board of supervisors for consideration.

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